

**SPECIAL MEETING  
BOARD OF MAYOR AND ALDERMEN**

**August 5, 2002**

**6:00 PM**

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman O’Neil.

A moment of silent prayer was observed.

The Clerk called the roll. There were eleven Aldermen present.

Present: Aldermen Gatsas, Guinta, Sysyn, Osborne, Pinard, O’Neil, Lopez,  
Shea, DeVries, Garrity, Smith

Absent: Aldermen Wihby, Thibault and Forest

Mayor Baines stated we’re going to show you a piece that was on Channel 7 tonight on the 5:30 news (no offense to our friends at WMUR...NH’s television station) on baseball in Manchester.

Mayor Baines called upon Mr. Jabjiniak to update the Board regarding our discussions with Drew Weber.

Mr. Jabjiniak stated my piece is real easy tonight, I get to introduce Chris Kelly, Chris is the spokesman for the group, Drew Weber is the well-publicized team owner in Lowell and they’re here after sixty (60) days (approximately) to show you the substantial progress that has been made with the baseball feasibility for Manchester and at that I am going to turn it over to Chris.

Mr. Kelly stated good evening, Mayor, thank you...good evening, Aldermen...we were here 60 days ago to address plans for a 15 acre site the development of which would result in construction of a baseball stadium to house a “AA” team. What we are here tonight to do is to update you, give you a status report as to where that progress stands and I want to touch on three critical areas. The first being the environmental condition of the site, the second being the status of the discussions to bring affiliated baseball to Manchester in the form of a team, and thirdly, the progress we have been making with City staff with respect to some of the financial issues that we are working through in order to make this a reality. So, I’d like to first start with the issue of the environmental condition of the site. As we all know, sixty

days ago there was quite a bit of concern about the status of this site, what was in the soils...we've taken steps with GZA to do both a Phase I and Phase II analysis of the soils that resulted in a report that we've turned over to the State. I think that much of the concern we heard at the last meeting was the presence of a particular contaminant that everyone was quite concerned about...I'm happy to say that we've done extensive testing to determine that contaminant is no longer present, it's still an area of the site that we would like to work around for safety sake but the report will show that to allay the Aldermen's concerns about that particular issue that that contaminant is not present in the soils. We do have other presence of other urban contaminants that we expected to find in the soils such as petroleum by-products among other items a lot of building debris, refuse from buildings in the area that were demolished and buried on site...some of the building materials as well as quite a bit of ash that was a by-product from some of the other mills in the area that was also buried on the site. Those are the items that we expected to find especially given the history of some of the other exploratory work that was done for the civic center, so we know that those items were likely to be there...the report confirmed that, we've now packaged the report and sent it up to the State. It's really in the State's hands to make a determination as to the suitability of the site to support construction. We believe that most of the materials found...we would characterize as urban fill materials and that there are certain construction strategies that we can implement to address working with or around those particular issues. So, I think the bottom line, the environmental piece is that we've got good news to report that the most serious contaminant that everyone was concerned about is not present on the site and the other contaminants are more characteristic of urban fill materials that we believe we have strategies to work around, but ultimately the determination will be made by the State as to whether or not we're able to proceed forward. The second piece I want to touch on and Drew may be able to address this in greater detail than I is the progress with respect to securing a "AA" team for the site. We have signed a 45-day option agreement to bring a team to the site, consideration has been paid for that so we're here today to say that a team has been secured to bring to Manchester. We're very excited about that...as you heard on the report with the Red Sox it's really up to the Red Sox for us to proceed forward on that front, the Red Sox do have geographic control with respect to that particular location and we'd like to ask for your support tonight to stand behind the idea of bringing baseball to Manchester, so that when we appeal to the Red Sox we can do so in unified fashion. I would say that the team itself...Drew is excited about coming to this area, we've heard a lot about Manchester, but they realize that we have to put the rest of the pieces of the puzzle together in order for them to come here, but they have indicated their willingness to do so and as I said before consideration has been put up in order to secure their tenancy (if you will) in the stadium. We have in front of you tonight an outline of a "Term" sheet entitled Baseball in Manchester and I'd just like to read through that and refer to the site map that is attached to it. These are some of the terms that we feel are prerequisites for us to move forward with respect to bringing baseball to Manchester:

- 1) no adverse impact to the tax rate;
- 2) environmental approval from NHDES allowing construction to proceed on the site;
- 3) acquisition of a “AA” baseball franchise to play in Manchester;
- 4) significant private investment;
- 5) privately-financed and owned hotel with a nationally-recognized flag and a minimum of 110 rooms;

Mr. Kelly stated we have Fred Roedel here this evening from Roedel Family Partners that is the hotel operator and developer that we’d like to include as part of our team and as you can see on the site plan itself, the hotel would be located to the outside of the left field wall. That is a 110-room hotel with 120 parking spaces on site. Getting back to the list of terms:

- 6) City-ownership of land and the newly construction stadium (going forward; and then finally,
- 7) construction of a stadium with a minimum of 6,000 fixed seats.

Mr. Kelly stated as I said these are terms that we believe are prerequisites to proceed forward with the City staff to resolve the final financial due diligence that needs to be addressed in order to make a deal viable and what we’re asking for tonight from you is a vote to support our effort to bring baseball to Manchester, based upon those terms and the support would include endorsement of City staff to continue working with us to address the financial due diligence issues to make the deal a reality.

Mr. Weber stated I come here tonight very, very excited about what’s happened in the last few days. I know when I was here the last time everybody made it very clear that it would be very difficult to secure an Eastern League team and we pulled the trigger on an option, there’s been an awful lot of work done by an awful lot of people to make this a reality and I’m proud to be associated with everybody that we work with both within my group and within the people from Manchester that I have been associated with. As I said before I am very, very excited about it. As far as the team that would hopefully one day come to Manchester doesn’t matter as far as I’m concerned, it absolutely doesn’t matter as far as I’m concerned I’ve seen the great success that the City has had with hockey, with The Monarchs and I’m very confident that this City would be very, very excited about baseball and that’s why we are asking for your support in continuing to work with us. I think you know that there’s been a lot of meetings, a lot of time, a lot of money and we’re not spinning our wheels here. We hope that no one here thinks that we are, thank you.

Mayor Baines stated before I open it up for questions from the Board, I just want to inform the Board of some conversations that I have been having with the ownership of the Red Sox...I went down to Fenway Park last Tuesday and had a meeting with Jim Healy who is their Vice President for Development and we had a very cordial meeting, approximately an hour in length about the various scenarios that the Red Sox, it’s very clear that they cannot talk about affiliations with anybody until the end of August under Major League rules and obviously their whole situation will be reviewed at that time. I also had the occasion at that

meeting to have a brief conversation with Larry Lucchiano and I also had the opportunity to meet George Mitchell when I was down there...one of the owners of the team and even had a brief conversation with Larry about what we were doing in Manchester in terms of pursuing Minor League baseball and again he reiterated the position of the Red Sox that they would be evaluating all of their situations and it wouldn't be again until the end of August/September when they'd be able to make some decisions. The following Thursday I was the guest of Mayor Tom Mennino, I was appointed Co-Chair of the Urban Economic Policy Committee of the US Conference of Mayors and we had the opportunity to be at Fenway Park Thursday night for a game and I had the opportunity again to meet Larry one more time to discuss the situation and I also discussed the situation with John Henry the principal owner of the Red Sox. Again, reiterating the same situation that I spoke of earlier. Also, this past Thursday I made another call to Mr. Healey and apprised him of the situation that we were asking the question "would the Red Sox stand in the way of affiliated baseball in Manchester", not affiliated with the Red Sox understanding that this was their area and he said he would discuss it with Larry and with John Henry and get back to me. He called me late Friday afternoon and basically stated that that kind of a decision would take some thoughtful discussion and analysis before the Red Sox would be able to respond to the question of whether they would allow an affiliated, not with the Red Sox, in the Manchester area and he indicated that that decision would come no earlier than in sometime in September. So, that's basically the situation from the Red Sox. Having said that I would entertain any questions from members of the Board and called upon Alderman Lopez.

Alderman Lopez in reference to number 1 of the Terms Agreement (no adverse impact to the tax rate)...Kevin, maybe you can help us out. I know the final decision is not made but are we looking at General Obligations Bonds, are we looking at Revenue Bonds or are we looking at anything at this stage of the game?

Mr. Clougherty replied from the City side we haven't tried to restrict the options that the owners and the developers could look at. What we've tried to do is lay out to them and reiterate what the Mayor's position and the Board's position was that they don't want any tax dollars going to this development project unless those are developed on-site. For example, if there's a hotel that comes on that's development that would not occur unless the project were on-going and that may help contribute to the debt. But, as far as specifically will it be General Obligation of Revenue Bond or some combination...who would issue it that hasn't been determined yet.

Alderman Lopez stated in looking at the diagram here and maybe Bill or somebody can answer me...in relation to the Rubenstein Parking Lot for a 600-car garage what are we losing or what's happening here?

Mayor Baines stated you're talking about the Park and Ride facility.

Alderman Lopez replied yes.

Mr. Kelly replied we looked at the site plan previously and to incorporate all four uses: ballpark, hotel, Singer Family Park and the parking facility and determine that there was not enough room physically on the site to include the parking facility so we're investigating other locations for the parking facility in the near vicinity to this particular site in order to have that still service the intermodel facility that's planned for that site.

Mayor Baines stated Mr. MacKenzie has also been working on alternative sites and has had some preliminary discussions with the State about the possibility of it not being located in the area that had been previously designated. He feels there are some viable options that...

Alderman Lopez stated there are other options, we don't have too much space in the City for a 600-car garage...

Mayor Baines reiterated there are other viable options within that area, in that general vicinity.

Alderman Lopez stated to do a baseball park and hotel and a 600-car parking garage.

Mayor Baines stated that is correct.

Alderman Shea stated my question too was number one (obviously) because there is sort of a misunderstanding, I believe, that when we use Rooms and Meals money we don't impact the tax rate and in essence we have to do it and we do do that, obviously. So, I want it clarified...would we be using Rooms and Meals money, Kevin, for this project?

Mr. Clougherty replied again I don't think there's been a final determination of all of the sources and uses of funds that would be available for the project. The personal position of the Finance Officer is that that is not the best source of funds for this project.

Mayor Baines interjected I would concur.

Alderman Shea stated so there would be other options as you mentioned.

Mr. Clougherty stated we have and would continue to encourage them to look at other options other than Rooms and Meals. In some other states...I'll say this, Alderman, in some other projects you have different tiers of revenue that are pledged for projects like this and if you've got a development that's going on you might pledge that as a second or third tier because it might get you a lower interest rate and at that point all of that would have to come back to the Board for consideration, but right now we're discouraging the use of those funds.

Alderman Shea asked how about federal funds...that's out completely for a project such as this?

Mr. Clougherty replied no, we would encourage them to use federal funds where appropriate. You might be able to use...for a project this size...there will be some transportation, perhaps some utility type of things that would be eligible for federal dollars and we think that is a good use of federal or state funds and they should be aggressive in that area...

Mayor Baines interjected again, Alderman, just so that you know that a lot of different things are being pursued but there have been no focus and that would be part of the final presentation.

Alderman Shea stated the second point and you skipped over it rather quickly...the environmental situation down there...just to inform you...at one time there were discussions concerning this particular general area, not this specific area necessarily for a senior center and there was concern on the part of City officials that there might be serious problems with the soil. For my edification when one were to build a stadium does that type of engineering differ from say a senior center, do you go either higher up in the soil or lower...how does that...

Mr. Kelly replied I'm not really an expert on senior center constructions, I don't think I can answer that question completely. What we do know is that the soils include a lot of ash which are not suitable for supporting large structures without going down to the bedrock with footings. So, you can't do a spread footing construction approach, it has to be piles that go down to the bedrock.

Alderman Shea asked when you build a stadium would you have to do that, is that what you're indicating?

Mr. Kelly replied yes.

Alderman Shea stated you indicated...when is the State going to get back to you regarding any kind of soil contamination or whatever?

Mr. Kelly replied they've pledged an effort to turn around as quickly as possible, they haven't given us a specific date yet.

Mayor Baines stated as an update on that last part...our City Solicitor completed a review of the report today, consulted with Jay Taylor and that report is on the way to the State today, I believe.

Alderman DeVries stated addressing item 6 on your Term sheet...City ownership of land and newly constructed stadium...would you elaborate on the City ownership of the stadium or am I misreading.

Mr. Kelly stated no the intent is that the City would continue with the ownership of both the land and the stadium itself, it would be City property.

Mayor Baines interjected the same as what we do with the arena.

Alderman DeVries asked could you elaborate also...you have a 45-day option for your team purchase, so what formality do you need to have to exercise that option within the next 45 days, are you telling us that we will have some sort of final agreement?

Mr. Weber replied I am sure that after 45 days...first of all, I have a strong feeling we'll have a lot better idea than we do now after 45 days and if we don't, I will negotiate to extend that option...we've already talked about that.

Alderman Gatsas stated I think for clarification for Alderman Shea I believe the senior site was going to be to the south of Singer Park, not in this proposed site, it was on the other side of the field.

Alderman Shea stated by way of comment I said the general area.

Alderman Gatsas stated I was confused too when I was looking at it, I thought the same thing as you did. I think that it's certainly important that the Red Sox have to sign off on this deal and for City staff to be continuing moving along without us having one iota of an idea whether the Red Sox are signing-off or not signing-off and it's another 45 days, I think the last time we went through this that everybody agreed that the drop dead date was the 90 days that we were given. I think everybody said that, wasn't that something that everybody...I think, Drew, you even said yourself that if we don't have this deal in place in 90 days we're going away, I think that's what you said and I can get the quote because I'm sure we have those minutes.

Mr. Weber stated I might very well have said that and I guess things don't always move as quickly as you might hope and I might hope that they do.

Alderman Gatsas stated, Mayor, how about if we go back to the garage that Alderman Lopez started talking about. Are you saying that the State has agreed that they'll look at alternative sites.

Mayor Baines replied I don't think the State has ever indicated that we had to have it one place or another. The State would always be agreeable from what I have been able to discern

that sitting down and discussing with the City if in fact we came up with some other options I don't think the State has ever felt it was in a position to dictate to us the location of that garage and again there has been just some very preliminary discussions, but they are very much aware that we're looking at perhaps a different site.

Alderman Gatsas stated but they are in the planning/design stages of this garage now.

Mayor Baines stated they're very much aware of that.

Alderman Gatsas stated so if we move the garages have there been any indication that there could be an increase in cost.

Mr. Jabjiniak stated I think there's been a letter sent to the State telling them that we have a potential development and asking if they would consider a redesign on a yet to be decided alternative location and they're willing to work with us is some of the indication, but I don't think we've identified that site as of yet.

Mayor Baines stated that's one of the pieces of this puzzle that has to be put together whether this is going to work in the end and we're very much aware of that.

Alderman Gatsas stated let me ask a specific question, has anybody told the City that there could be additional costs on the site the City is looking at?

Mr. Jabjiniak replied has anybody asked if there's a specific cost...I think they made us aware that the garage was intended to be built on a City-owned parcel of land. Have they come back and made us aware there's an additional cost they just said jeez we're just looking to build it on your land, we need to take that into consideration and go forward.

Alderman Gatsas stated let me give you a quote from a letter to Frank Thomas, cc'd to the Mayor, Moni Sharma, Jay Taylor, Jim Marshall and Keith Coah from Commissioner Murray and this is dated July 5 from a letter that was sent from Frank Thomas on June 19<sup>th</sup> suggesting that we take a look at the parking lot facing Granite Street in the MUR lot and let me just give you the quote that I'm looking for...“a second issue is a concern with the new location, the project costs may increase significantly. Again, we will look at that as well.” So, I would assume that somebody knows that somebody said that the cost was going to increase significantly. Thank you, your Honor.

Alderman Osborne stated just one question what does “significant” mean on private investment in number 4, what does that mean.



Mr. Kelly replied to purchase the team alone is going to run in the \$10 million range to bring a team to this location, so in order to bring a team here and get a stadium built there is going to be significant contribution to capital to make that happen.

Alderman Osborne stated about the stadium itself.

Mr. Kelly replied the stadium itself has to be supported by the revenues generated by the site that is one of the issues we're still trying to resolve with City staff.

Alderman Osborne asked a hundred percent?

Mr. Kelly replied no, I didn't say that. What we're trying to do is further quantify the cost because with the presence of the environmental materials that we found and the ash we initially were working with numbers that assumed incorporating spread footings as opposed to have to carry out foundations down to the bedrock, so we have to recalculate the cost of construction, make sure that the project economically still makes sense.

Alderman Osborne stated so you have a lot of figures to bring back.

Mr. Kelly replied yes, we've learned a lot in the last 60 days, we didn't know exactly what issues on site we'd have to work with and I think we were able to rule out one of the biggest concerns we had about working on the site, but we now know that there are a couple of threshold issues with respect to the environmental piece that we have to get past.

Alderman Pinard stated just a quick question...what is the City going to gain by this, just the stadium...as far as money is concerned, are we going to get anything in return for this investment, can you clarify that for me.

Mr. Jabjiniak replied I think you're going to get an increase in your tax base that's substantial...not just from the stadium but the surrounding development that's necessary to support the stadium. You have a parcel of land that doesn't pay anything currently in taxes. You're going to get something from that right away, so that's what I think we're looking at is to increase the tax base substantially. I think we pegged this at somewhere around a \$40 million project and that's one of the things we're trying to encourage down there.

Alderman Pinard asked if the private sector was to take over that land what would be the revenue basis as far as tax returns, how many millions or whatever, do you have any idea?

Mr. Jabjiniak replied I have not done a calculation for that but I can tell you that it's very similar to if the hotel's built they're paying taxes, even though we own the parcel they're looking to certainly paying full taxes and that's private development stepping right in.

We're tying it in with the stadium so that we can put a comprehensive package out in front of you for the whole Riverfront area.

Alderman O'Neil stated I am very encouraged by what I see in front of me this evening. We lucked out with the arena, I'm not sure we had the best deal going into it but two great things happened...the Kings bought the majority ownership in the Minor League Hockey team and that was certainly a huge plus and SMG became the building manager so we lucked out after-the-fact-. Here we have an opportunity where we probably have some luck on our side going into this project which doesn't always happen in the City of Manchester. An opportunity to continue to make Manchester a destination City I think is great. We know people will come here to the arena for hockey and other entertainment, I believe they'll come here for baseball, we've challenged the "Lowell" group to go out and get some private development, they have. Certainly another significant hotel in Downtown Manchester is very important and the opportunity for the people in this City to see "AA" baseball, I think, is great. I'm not going to support killing a project because of a parking garage that can be located somewhere else. I believe the State will be open to it, I do note in the City of Lowell they had to get creative with the parking garage and they actually built it over the railroad tracks at a cost that was not significantly higher than it's original price, so sometimes you've got to think out of the box a little bit and we need to set our priorities and I think the parking garage is low on my priority list and I think probably the most important part is for a positive vote here tonight so that they can continue to negotiate with the Red Sox and I will end with a comment I made several months ago. If Drew Weber can't bring baseball here, I don't believe anyone can.

Alderman Smith stated I agree with Alderman O'Neil, I think that we should grant an extension and the City staff should go on and we're waiting for the soils test and I think that's the biggest problem that we have right now. I met Mr. Weber back months ago and he's been very forward and over these months we met the first time March the 5<sup>th</sup> and if everybody remembers there was a release in the paper when somebody let the cat out of the bag and we've been meeting ever since and they've been very forward...I would just like to question Alderman Pinard...what it would bring to the City...baseball is a business, there's no ands, ifs and buts...it will create local jobs, visitors will be spend tax dollars, we'll see revenue in restaurants and who knows maybe we might afford the opportunity...some of the college teams, some of the Legion balls when the team is away to play in a first-class facility. I thoroughly support this and I wish everybody would go along...it's like the seventh inning stretch, we're almost there and what is going to hurt us for a couple of months.

Alderman Garrity stated, Bill, earlier you said it was going to be a \$40 million increase in the tax base, is that what you said?

Mr. Jabjiniak replied I think this is a \$40 million project in total is what we projected.

Alderman Garrity asked is there an estimate in the increase in the tax base for the project?

Mr. Jabjiniak replied not that I can put my fingers on right now, no.

Alderman Garrity stated because obviously the State end is not going to go on the tax rolls if the City owns it, is that correct?

Mayor Baines stated you're talking private development on this site, Alderman, including a 110-room hotel, which will be taxable...

Alderman Garrity stated okay we're talking a 110-room hotel...the stadium if it's owned by the City won't go on the tax rolls, is that right?

Mr. Jabjiniak replied but there is a payment in lieu of taxes that we're negotiating with them on, so that we're not letting them walk away...there's a payment in lieu of taxes the hotel pays, there's all that development we're looking at to generate tax revenue which is necessary to make this thing fly.

Mayor Baines stated again all of the pieces are going to come together at the end or they're not, so all of those questions will be answered.

Alderman Garrity asked do we have an estimated time when we're going to have a final report with solid concrete numbers and how we're going to fund the bonds and things of that nature?

Mayor Baines replied we're hoping within 45 days...we're asking for an extension and we will come back at that time and tell you where we're at.

Mr. Kelley stated we've just gotten the environmental report back so we have to recheck the numbers with respect to the construction costs to see what the total project expense is going to be. There are a lot of very complex issues on site that have to be worked around and that bears on whether or not the overall number is something we can work with.

Alderman Garrity stated so we're looking probably at the third week in September, your Honor?

Mayor Baines replied it depends on the State too...how fast the State gets back to us.

Mr. Clougherty stated I think it depends on the Red Sox. If they don't make a decision until the latter part of September, I don't think these gentlemen are going to be able to give you numbers and I think that's part of the...

Alderman Garrity stated I guess 45 days is probably not accurate, it's probably going to be longer than that.

Mayor Baines stated we don't know. The course that we're going to as Mr. Weber said you can have goals but you don't always achieve them and there are a lot of unanswered questions...the State, how fast they're going to move, the Red Sox approval, the various financing options that they're looking at...what's the best strategy to move forward. There are a lot of unanswered questions just like any major development project. Sort of like the same things we dealt with with the challenges of Bridge and Elm...how many times did we get around the corner on that and we had different things that we had to do with it. This is a major redevelopment project and we're not going to have a definitive time. We're going to set our next goal, obviously with 45 days and we're going to see what information we can come back to the Board with at that time.

Alderman Garrity stated you stated earlier that Mr. MacKenzie told somebody that he had a couple of different ideas for the parking garage, is he here to answer any questions.

Mayor Baines replied no because we're going to sit down with the State and we're not going to talk about specific sites at this meeting that is something we want to sit down with the State with, but he has indicated as late as this afternoon he feels there are some viable alternatives that we can at least sit down and talk to the State about. It's going to work or it's not and then the City needs to make some decisions about that garage. When is that going to happen...in four years, in five years, ten years...again, there isn't an exact timeline that I'm aware of that's been established for the garage either. So, we're going to get as much information to you in a timely manner.

Alderman DeVries in reference to Singer Park stated I noted it's still showing on your blueprint here tonight, can you tell me what sort of discussions you've had with the Singer Family in reference to keeping the park or how that will be run or any enhancements to it.

Mr. Kelly replied we haven't. The first step is trying to see if development overall is viable on the site and what we've done here is we've tried to move the location of the ballpark as far to the south as possible which would require us to slide the soccer field down to the south as well. There are a lot of constraints given the topography and the fact that the site narrows down north to south. So, we have not gotten to the point to answer your question of sitting down with them and resolving everything. I think Peter Ramsey's given us an indication that they would be very favorably inclined in working with us to make the overall project a reality.

Alderman Gatsas stated, Kevin, maybe you can give me some idea...you must have some sort of thought process on how you're going to finance this. I would hope we are not going

to be trying to put that together in 40 days...a \$40 million project, I would assume you've spent some time looking at some different scenarios on how you think this could get financed.

Mr. Clougherty replied actually I think the burden is on the developers, not on the City to come up with the development plan. What we have done is met in response to their ideas. The City...this isn't a project where the City is driving it, it's really the developer's who are coming to the City and we're trying to work with them in a responsive mode. In that regard, they have looked at a number of alternatives, they have some models that they're looking at and quite frankly we're not going to endorse or not endorse any of these projects at this time until there is some more definitive information. It's very hard right now, I think, for...in the last 45 days for this group to come back with a definitive plan because of some of the unknowns. They have had to get at least the Phase I, Phase II preliminary information that is necessary for them to come up with some more concrete information about the construction, it's been difficult for them to evaluate the time and cost of money for decisions by the Red Sox. So, we have not tried to come up with and design this project out of the Finance Office, what we have been trying to do is be responsive to the working group with respect to the different ideas that they have and not discourage them from looking at different ideas, but I'm not out looking at different development ideas or different sources things like that...that is not what the staff request is. We're more in a responsive mode.

Alderman Gatsas stated obviously you're going to have to make some sort of recommendation to this Board at some time about financing and not being in the responsive mode that you just suggested...can you give me some of the practical ideas that you've looked at or that they've brought you because when I take a look and see that somebody says that the City ownership of land and newly-constructed stadium I look at that and say okay somebody must have talked to somebody about how that's going to happen. Now, whether the offset on ownership of the land and building is going to be offset by the taxes paid maybe you can just enlighten me a little bit on how we're going into a term sheet without anybody at City Finance telling us that there is no impact, no adverse impact to the tax rate and I guess adverse impact is a kind of a loose sneaker statement.

Mr. Clougherty stated what we've told the working group is that we thought it would be in their best interests to try and define some areas...much the same we did with our criteria for the financing of the arena where the Board made it clear to that development group that there were certain expectations that needed to be part of any proposal that was going to receive favorable consideration. One of the things that the adoption of this term sheet is that it tells the developers don't come back here if there is going to be an adverse impact on the tax rate. Don't come back here if you're going to ask us to build a stadium for something in "AA" affiliated baseball, don't come back here if you're going to ask us to do something of a stadium less than 6,000 fixed sheets which I understand is a threshold for "AA"...that's what I think is being proposed here tonight, is to kind of layout some of the skeleton in terms of

requisites that we're going to require the development to come back with. With respect to specific proposals that we've looked at again the discussions have been in general terms with us. We understand that this group is trying to come up with a proposal and that they've talked to a lot of potential uses of the site and we have talked in general terms about what might be acceptable there...in terms of the hotel, for example. But, we have not endorsed and we have not sat down and developed or excluded any particular proposal that this group wants to come forward with. We feel that at this point in time it's premature for us to do that. We have talked to them in general terms about taxes, we have said that we feel that in order for this project to receive the successful endorsement of the Board of Mayor and Aldermen it cannot use any of the existing tax base for that purpose. As part of this development, if they bring on some new credible tax sources then that's something that could be considered because as those tax dollars go up the debt goes down, there's a breakeven point which once we have some concrete proposals we'll examine. We are not, at this time, going to eliminate any proposal. At this point, we are trying to work with them in general terms of what would be acceptable to the Board.

Alderman Gatsas stated so basically you're answer, if I can make it a little shorter than what you said is that you maybe proposing something to us that increases our tax base as Bridge and Elm did, is that correct?

Mr. Clougherty replied that may be what the development comes forward with.

Alderman Gatsas stated so the taxes that are generated by the hotel will offset the debt service of the stadium, so just like Bridge and Elm we created a \$45 million tax base increase but generated only \$40,000 a year to the City, so increasing our tax base in the methods that we have in the past does not generate revenue to the general fund. It's a 20-year payback, so for 20 years it is an adverse effect to the taxpayer because it's not generating revenue to the general fund. So, for anybody to sit here and say we're increasing tax base all we're doing is taking debt and moving it to another column and letting the project pay for it with the tax base it's created. So, those revenues, that \$450,000 number that we heard that was going to be generated from Bridge and Elm was really only \$40,000 because the other \$300,000 plus paid for the garage. So, there is no additional revenue generated to the City, the City is just taking the money out of one pocket and putting it into another one. So, is that one of the schemes that you're looking at?

Mayor Baines interjected I don't think anything that anybody in City government has talked about "schemes", Aldermen, what we've done...

Alderman Gatsas interjected by stating okay one of the "methods" because a scheme is not a good word.

Mayor Baines stated "method" I would accept.

Alderman Gatsas stated as a Principal I can understand where you would accept my terminology of being a method. How about that “method”, Kevin.

Mr. Clougherty stated just for the record I think you’re about as long as I was...I just wanted to say that...

Alderman Gatsas stated your Honor, in due respect, at least you could understand what I said. Sometimes, the City Finance Director says a lot but you don’t understand what he says.

Mayor Baines stated I understood everything he said and I’ve had that criticism on occasion as well, but tonight I understood everything he said.

Mr. Clougherty stated I’ll try to say it so that you can understand it, Alderman. When you’re looking at development, if you want to raise the example of Bridge and Elm, Bridge and Elm sat idle for a long period of time and with respect to development in modern cities those developments are going to stay idle and not generate anything for a long period of time unless the City steps up and did make some type of commitment, whether that is a commitment in terms of parking or whatever that has to happen. These developments aren’t going to happen on their own. With respect to investment it’s a long horizon. If the City had not done the types of commitments that were necessary to do projects in earlier times like the Center of New Hampshire and the Plaza, I don’t know where we’d be today. So, yes, these things do take a long time to mature but you have to take a long horizon when looking at them. On the breakeven points, I think, on these projects although we’re conservative when we start them oftentimes come a little bit better. I think that the analysis that have been done with some of these projects like the Center of New Hampshire and Verizon come along a lot faster than people expect, but I think it’s prudent to be conservative when you start with them. So, I would argue that if you’re waiting for tax dollars to drop out of the heavens on Bridge and Elm you would still have a vacant lot if you weren’t willing to put in some local investment to make that project work. I think you’re right it’s not going to be an immediate return to the general fund, but if you don’t do those types of projects you will never get that return going on. You have to do something to stimulate it.

Alderman Gatsas stated, Mr. Clougherty, if we said to the developer only build 80 units I think the City was forcing to increase the tax base, if we said build 80 units at \$4,000 per unit (tax revenue) that’s \$320,000 a year, I think that if you said to me that in 10 years at flip sides we’re going to be somewhere...I don’t know, \$2.3 million to the plus. Maybe it was the City’s fault trying to force too much on that lot.

Mayor Baines stated okay we’ve already decided Bridge and Elm and called upon Alderman Guinta.

Alderman Guinta stated I have a couple of questions...the first relating to additional finance questions, well I guess more of the tax base. You're estimating the tax base at roughly \$40 million, that's inclusive of the entire project, I would assume.

Mr. Jabjiniak replied the project cost is \$40 million.

Alderman Guinta stated oh the project cost not the tax base. What was the tax base number you gave, didn't you give a tax base figure...you did not, okay. The payment in lieu of taxes, is that for the stadium or...so, it excludes the hotel...

Mr. Jabjiniak stated the hotel would be paying full taxes, the payment in lieu of taxes would be for the stadium piece.

Alderman Guinta asked do you have any figures at this point you can release?

Mr. Jabjiniak replied no, we do not.

Alderman Guinta asked which hotel chain are we looking at?

Mayor Baines let the hotel developer tell us he can't comment or actually tell us and called upon the developer asking that he introduce himself to the group.

Fred Roedel from Roedel Partners...very quickly, our family has been in the hotel business for about 33 years, formerly owned the Suisse Chalet Hotel chain, we had sold that company a couple of years ago and we've recently got into building hotels again. At this time, I can't tell you who it is but we are in negotiations with a national chain that's currently not represented here in Manchester, but we expect to have that completed in the next 30 days or so where we could announce it.

Alderman Guinta in reference to the environmental report stated you said you received it and it sounds like from your comments that you expect costs to increase as a result of the report.

Mr. Kelly replied yes based upon the fact that there were conditions present that we suspected, we didn't have confirmed or initial construction estimates did not contemplate the additional foundation support methods that we have to undertake now. It's primarily going into the bedrock to support the buildings as opposed to building on the land.

Alderman Guinta asked are you going to be sharing the findings with the Board at some point or are you going to keep them.

Mayor Baines stated the City Solicitor needed to review it, it's been sent to the State and I believe at this time this can be released to the...is there a problem releasing that.



Solicitor Clark replied no, I don't believe there's any problem releasing it.

Mayor Baines stated we'll have it out.

Alderman Guinta stated the only other issue I have is with respect to moving...Bill, when do you expect to hear back from Carol Murray?

Mr. Jabjiniak replied I think that's part of what we now need to go after, I don't think I have a specific date to give you, but we certainly have to deal with that garage issue as part of the rest of the whole financing scheme...

Mayor Baines interjected scheme or method.

Mr. Jabjiniak replied I stand corrected, your Honor, I plead guilty.

Alderman Guinta asked has anyone raised the concern that this new proposed site, I assume it's owned by WMUR, correct?

Mr. Jabjiniak replied the one that's been identified yes, but we're looking at other alternatives as well. So, we're not limited to just that one...

Mayor Baines interjected we're not focused on any one area right now.

Alderman Guinta asked do we have a goal set for when we would expect that project to either begin or be completed?

Mayor Baines replied I have not received any date that that project was to be constructed anyway that I'm aware of at this time. Again, we're going to have these discussions based upon what happens here tonight and all of the information will come...

Alderman Guinta stated that's great, I just think it's good to have as much information as we can because this is a whole transportation...this sort of ties in with the baseball project itself considering...I assume it's going to be...we're going to have some expectations or use to bring people into the City.

Mayor Baines stated it's a multi-model transportation facility that was designed in concert with eventually a transportation center, rail eventually being connected to the City and also for Park & Ride, it's has multiple uses in the plans that were in place before I became Mayor.

Alderman Guinta stated I guess I can assume that the low group would benefit...the closer this is to the baseball field the more you're going to benefit and the City's going to benefit.

Mayor Baines stated it would benefit the entire City, yes, I think that's a fair statement.

Alderman Guinta asked have we talked to MUR at all?

Mayor Baines replied it would not be appropriate for us to talk about any private property that we may or may not be interested in because we may not be and I'd like to caution us in terms of discussion because it's been identified as a possible site, but again we haven't even sat down with the State to look at the options and that's what we're in the process of doing. We start with the State first and then we go from there, come back to the Board and have further discussions, that would be the process.

Alderman Guinta stated thank you for that clarification. It seems as though these two processes should be continuing relatively at the same timeframe.

Mayor Baines interjected they are.

Alderman Guinta stated well it seems like we're at one place with baseball and a completely different place with transportation.

Mayor Baines stated that's not true. There have been preliminary discussions with the State and we're discussing a lot of different issues with the State and Mr. MacKenzie has taken on that responsibility to follow-up with the State and we will do so.

Alderman Guinta asked is it fair to say that we'll have some sort of response or we'll have some greater information by October 1<sup>st</sup> with respect to this transportation issue or are we going to be no further along. Really, all I want to know is what sites are we looking at because the only site that is identified in this letter from Carol is a site owned by WMUR, so if there are other sites we're looking at we should probably know about that.

Mayor Baines interjected we will get the answers as quickly as we possibly can. I don't know what else more we could say on that. This is a multi-faceted, complex project that requires a lot of different answers and everybody else...there are a lot of bureaucracies here, but I want to assure you...

Alderman Guinta stated I know Carol very well...

Mayor Baines stated Carol was coming here tomorrow for a meeting and her mother passed away and I had planned to have some discussions with her tomorrow about this, that's now been put off by circumstances.

Alderman Guinta stated okay, that's fine, I didn't know that until just now. So, what I'm looking for is additional information. We're going to be asked to vote on something tonight and I think it's fair that the full Board, at least, have an understanding of some of these other issues and the transportation issue is a significant issue especially when it comes to...we're going to have to pay for this somehow and if we're going to be bonding the construction I would like to know if we're going to be able to fill this 6,000 seat stadium every night there's a game and I think where transportation is going to be located can probably tell me that fairly well. If it's going to be located on the other side of the City then that may be a problem with respect to baseball, I would think. Does that make sense?

Mayor Baines replied I don't think it's connected, I think we've proven we can fill the Verizon Wireless Arena without any trouble.

Alderman Guinta stated they are two different entities, that's a multi-use facility and this is baseball during the summer...for how many games, 70 home games.

Mayor Baines stated I don't think parking is an issue...

Alderman Shea in reference to item 6 stated I would like a little clarification. It says, "City ownership of land and newly constructed stadium" and the Mayor made reference to the fact that it would be the same at the Verizon. Now, the Verizon is run by SMG, there are no maintenance costs, they have guaranteed the City that that would operate without any cost, they have complete control of the facility even though it is city-owned, how does that contrast to what is listed here under number 6.

Mr. Kelley replied the operating costs for the ballpark would be carried by the ball club similar to what you have at the civic arena.

Alderman Shea stated the maintenance of the stadium in terms of...

Mr. Kelly stated that is included as part of the operation.

Alderman Shea stated so you would use sort of the same kind of procedure, you would run the concession stands and that would be...you would receive the revenues from the concession stands, is that correct/

Mr. Kelly replied yes.

Alderman Shea asked would you construct the stadium, is that what you're saying. You would build the stadium or would the City have to build the stadium, where would the City come in with the construction costs.

Mr. Kelly replied we would supervise the construction of the stadium but the City would own the stadium, so City staff would not be involved other than in an oversight capacity in the actual construction of the stadium.

Alderman Shea asked who would pay for the actual construction of the stadium.

Mr. Kelly replied we have to find a means of generating sufficient revenue on-site to support the costs of the construction of the stadium, so that you get different components...the hotel is one component, what the ball club pays in their payment in lieu of taxes that's another component to support the costs, there have to be sufficient revenue components to support the overall cost to make the project viable.

Alderman Shea stated so what you're saying it and I'm just going to pull a figure out of my head...it costs \$10 million let's say to build a stadium or maybe it's \$20 million, out of the \$20 million you're saying that the revenue from the hotel in lieu of taxes that the stadium would generate would pay to build the stadium, the stadium has to be built before any payment in lieu of taxes can come back to the City.

Mr. Kelly replied right, but there would be interests carried that would be built into allowing you to get into that point where the operation commences. What the idea is is to generate from the site the revenue sources to support the construction costs.

Alderman Shea stated in other words in the year 2003 a stadium is built in Manchester, it cost \$10 million (just for way of discussion) where does the \$10 million come from. There's no hotel, nothing is there...the hotel hasn't been built yet that is going to be built because the stadium is going to be in existence and a ball club has been bought and we're sort of going...

Mr. Kelly stated you have a contractually obligated stream of revenue that a lender would look at as a source of repayment for them making a loan to finance the construction.

Alderman Shea asked who would sign on the dotted line to the lender of that loan.

Mr. Kelly replied the development entity.

Alderman Shea asked who's the development entity?

Mr. Kelly replied the people you see in front of you today.

Alderman Shea stated I'm really not sure that I'm asking the right questions here, but I'm digging, thank you, your Honor.

Alderman Lopez stated I think, Mr. Weber, you're a very frank man and you have put your money where your mouth is and I don't mind giving you 45 days more, the only thing I ask, your Honor, is that as we go through the process if we grant the 45 days here this evening, as we go through the process that we do not wait until the end package is done. As each item comes up...example, the 600-car garage...what the problems are, let's address it and see if we're going to move farther in the exercise, so to speak. If we're going to talk about what the \$900,000 or so that Singer Park got and owes the City, what kind of financial arrangements these gentlemen are making with Singer Park, I think the Finance Officer and those have to let the Board of Mayor and Aldermen know to see if we want to go along at that point. So, all I'm asking is that as you go through and get the soil analysis to make sure just as you did when you informed all of us that he acquired the franchise. I think that's very important because as Alderman Guinta and Alderman Gatsas and myself has raised the 600-car garage, I think we have to know what the mechanism is so that if there is a blocking point at some point or you get some answers on some of these situations to include whatever criteria...Kevin gave a very good criteria of what he's looking for and then maybe he should put it down on paper so we understand it a little bit better so we can look at that and analyze it so when the bottom package comes in, I don't want to be surprised that we're going to bond \$10 million on general obligation bonds and we're going to do this and we're going to do that, just like we did on some of the other projects. So, your Honor, I would appreciate it if you'd take this into consideration.

Alderman O'Neil stated we always seem to come up with dates with developers that they're always up against the gun and we're always up against the gun, why. I don't care if they come back in 120 days with a great deal, if that's what it takes to put it together. I'm very concerned about putting a timeframe of 45 days on this thing. I think as Mr. Weber stated earlier both sides that probably they could think they could deliver...line up meetings, etc. I don't want to speak for them, but he spoke very well earlier about that, we're probably all a little more hopeful that things could move along quicker than they can, so I'd caution about putting 45 days in there, that comes awful quick and with that I would ask my colleagues here this evening one of the most important things we are going to do tonight is send a message to the Red Sox that the City is serious about baseball, that's very important for the development team especially Mr. Weber in his negotiations with the Red Sox with regard to a sign-off...whether or not it's affiliated with the Red Sox or with another major league team, we need the Red Sox to support this project and I think a strong vote from this Board is very important. We're not making any commitments tonight, but a strong vote would be very important for Mr. Weber in his discussions with the Red Sox and with that I move to support the effort to bring baseball to Manchester, based upon the terms reflected above. This support shall include endorsement of city staff to continue working with the development team to reach a Letter of Intent...and, I am going to ask the development team, do you have a timeframe that's reasonable?

Mr. Kelly replied I think we'd be back in front of you sometime in the fall, I think the 45 days that was alluded to was an option on a team that can be extended, it's a very complex site and we've learned a lot about this site in the last 60 days that we didn't know and a lot of the approaches to developing this site need to be altered based upon what we found in the soils condition.

Alderman O'Neil asked is 90 days reasonable?

Mr. Kelly replied it's tough...to the extent that you want to give me a final date, 90 days gets us into the period of the fall, that's fine but I would prefer to say it's in the fall and just to say that we are going to be working as hard as we've worked over the past 60 days to get back to you with an answer as soon as we find it.

Alderman O'Neil stated that is my motion, your Honor.

Alderman DeVries duly seconded the motion.

Alderman Gatsas asked does that mean that right now we are extending the agreement that we had or we're extending a new agreement that I assume it's not a one-page document like this, is this what the City Solicitor is asking us to agree to for terms.

Solicitor Clark replied you're not agreeing to these terms, this is a Term sheet that says that these are the goals that are going to be worked towards, you're not committing the City to anything at this point.

Alderman Gatsas asked so, what are we voting on?

Solicitor Clark replied you're basically giving a conceptual approval to including these terms and a final agreement and you're authorizing staff to continue negotiations and bring that agreement back to the Board, the Board's not committed to approve anything at this point.

Alderman Gatsas stated so we're extending the exclusivity to this group.

Solicitor Clark replied correct.

Alderman Gatsas stated so if another group wants to come forward we don't have that option.

Mayor Baines stated that's my interpretation. We're going to continue discussing with this group, he is the individual who has brought forward the option on the team. We're getting very close here and there are a lot of questions that have to be answered whether, in fact, we end up continuing discussions beyond this period with this group or others who might come

forward including the issue of the parking garage, the soil issues and some of the related issues in terms of the ability of this site to support development. So, everything we're discussing will have pertinence no matter what the outcome of these final discussions with this group are. So, I would urge the Board to support this.

Alderman Shea stated to highlight the five issues that I think we're discussing: parking garage, Singer Park's involvement, the Red Sox giving permission, the cost of the stadium and the hotel expense, I guess that is what we're breaking it down to. Now, I don't mean to be the devil's advocate but in 90 days or 120 days if you people come back and for whatever reason the City fathers, if the decision goes against you how does that impact your particular situation? Would you be able because you purchased or you have the rights to purchase a franchise, would that disenchant you with the league...

Mr. Weber stated we've talked about the 90 days and I've just been listening I thought Alderman Lopez's advice was very, very well taken...45 days, 90 days, 120 days...I think more important than any of this is do you believe in what we're doing, number one, and what we should do more of is to and I put myself right up here, is to communicate with all of you personally on exactly how we're moving along and if you're pleased with the way that we're moving along I don't think exclusivity means a thing. We're six or eight months into this process, I don't think there's anybody up here who could question whether or not we're legitimate about what we're doing and I think if we keep you informed, I think that will make you happy and as I say I don't even know the numbers that you just talked about, the 60, 90, 120 two years whatever. If we're moving along and you're happy and we're happy I think that's the right number.

Alderman Shea stated my question though was if the City Father's decide that they don't want to go along with this after whatever period of time, how does that impact you personally and your ability to have a...

Mr. Weber replied I think if the City Father's decide they don't want to go along with it, I think it will be because we haven't delivered and that's the only reason why the City Father's won't want to go along with it. If we can't deliver...

Alderman Shea stated let's assume for the sake of argumentation you don't deliver, what happens to your situation...in other words you're going to buy a ball team...right.

Mr. Weber stated I didn't buy a ball club. I bought an option on a ball club.

Alderman Shea stated so what you're saying in essence is that before you buy a ball club the City has to have its ducks in order, is that what you're saying?

Mr. Weber replied absolutely.

Mayor Baines called for a vote on the motion. The motion carried with Aldermen Gatsas and Shea duly recorded in opposition.

Alderman Smith stated just as a point of information you can blame all of this on my grandfather. My grandfather was a major leaguer and he brought baseball to Manchester in 1902.

Mayor Baines stated prior to adjourning the meeting just a reminder that tomorrow from four to five-thirty we've made arrangements for The Gale Home to be open, we'd urge Board members to go on a tour prior to the meeting tomorrow night.

This being a special meeting, no further business was presented and on motion of Alderman Guinta, duly seconded by Alderman Pinard, it was voted to adjourn.

A True Record. Attest.

City Clerk